

## Monday, June 23rd, 2008

**Shhhh.** The nation is in a record fiscal crisis: Gas and other energy prices are high. Illegal immigration still runs rampant. The wars in Iraq and Afghanistan drag on. The economy is in doldrums. And, the federal government is in a record fiscal crisis. You probably already knew the first 4 of these 5 major problems facing America today. But you probably did not know the last one. That is because a bipartisan group of spenders, most of whom are in leadership of their respective parties, don't want you to rain on their spending parade. But here are the facts:

- This week we learned that the federal deficit for the first 8 months of this fiscal year has reached \$317 billion. If you project that out for the rest of the year, that would lead us to a \$476 billion for the full year. Nearly half a trillion dollars! That would make 2008 the largest deficit in the history of the nation easily eclipsing the prior record in 2004.
- This week, the appropriations committee released their spending plans for the next fiscal year, which begins October 1st. They have proposed to spend \$72 billion more than last year for a 7.7% increase in non-entitlement spending. You can bet that this amount will be laden with abusive earmarks.
- Revenue is currently rising at a less than a 1% clip because of the slow growth in the economy.
- All proposals to slow the rapid automatic growth in entitlement spending have been stopped in this congress. So, entitlement spending is projected to grow next year by 5.16% and 5.24% more the year after that.
- It doesn't take a rocket scientist to figure out that our deficit will therefore increase again next year to perhaps \$600 to \$700 billion! You actually would find it hard to raise taxes enough to cover this amount.
- Nevertheless, Senator Obama has proposed that the current cap on Social Security taxes and Medicare taxes (payroll taxes) be lifted on incomes over \$250,000. Coupled with his proposal to let the 2001 and 2003 tax cuts expire, this would lead to a top marginal tax rate of 54.9%. That would give us the 4th highest tax rate in the industrialized world. The three countries that are higher are France, Sweden and Denmark. Interestingly, all 3 of those countries are currently moving to lower their top tax rates because of the negative effect the high rates have on the economy and on "brain drain" from those countries. Why would we propose to go the other way?
- Social Security, Medicare and Medicaid are all actually bankrupt.

Yet in spite of all of this, every week in this place we vote to create new entitlements, or new programs or new spending. Just last week, the House voted with strong bipartisan support to spend an additional \$261 billion over the next 2 years on the war, a new entitlement program, and multiple other spending, including more money to Louisiana for Katrina. Even though I

support some of this funding, we have to stop spending more money without reducing spending somewhere else. So, I opposed the legislation.

Not all of the now well over \$3 trillion spent by the federal government every year is absolutely necessary. Budgets are about setting priorities. We have to start saying some things are a priority and some things are not. We will spend on the priorities and we will cut or eliminate the things that are not as important. If we don't do this, our standard of living and the economic opportunity in this country will be diminished as unproductive government sucks up more and more of our activity.

Unfortunately, what is happening in congress now is that Democratic leadership wants to spend money on one thing. Republican leadership wants to spend it on another. The compromise is to spend on all of it. Politicians win. Special interests win. Taxpayers lose.

You may not hear much about this until after the election in November. But the next president and the next congress will not be able to ignore it.

But take comfort in knowing that a few of us here are sounding the alarm and preparing to do battle to keep the government budget from squeezing out your family budget.

Until next time, I remain respectfully,

Congressman John Campbell